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RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHKO/AMEMBASSY TOKYO 1800
RUEHBJ/AMEMBASSY BEIJING 4922
RUEHBY/AMEMBASSY CANBERRA 2315
RUEHUL/AMEMBASSY SEOUL 4518
RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 02 JAKARTA 000732

SIPDIS

SENSITIVE
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DEPT FOR OES/ENRC, EAP/MTS, EAP/RSP
USTR FOR MLINSCOTT, DBROOKS
USAID FOR ANE, EGAT [CBARBER, MMELNICK]
BANGKOK FOR RDM/A

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TAGS: [SENV](#) [EAID](#) [KGHG](#) [ECON](#) [PGOV](#) [ID](#)

SUBJECT: DEVIL IN THE DETAILS - PERILS OF ENVIRONMENTAL PARTNERSHIP
IN SUMATRA

11. (SBU) Summary: A logging road controversy involving Asia Pulp & Paper (APP) on the island of Sumatra underscores the significant role (beneficial or detrimental) of the private sector in protecting critical forest habitats in Indonesia. Some NGOs and paper and pulp companies have collaborated successfully in Indonesia. Entrenched positions, however well-intentioned, can sometimes prevent other potentially beneficial partnerships between NGOs and a large forestry firm (like APP) from being realized. End Summary.

The Story

12. (SBU) "Eyes of the Forest", a coalition of various local NGOs that appears to be spearheaded by Worldwide Fund for Nature-Indonesia (WWF-Indonesia), recently accused APP of building an illegal logging road in Kampar district, Riau Province that threatens forests and rare tigers in eastern Sumatra. It said the Kampar area is home to around 60 Sumatran tigers, and that the road would give poachers easier access to this severely threatened population. These groups have raised the issue before, and made similar claims against APP in other parts of Sumatra. For example, in January 2007, WWF-Indonesia said APP-associated companies were constructing a highway bisecting the Bukit Tigapuluh landscape area between Riau and Jambi provinces, as well as clearing natural forest areas in the Jambi portion of that landscape. A WWF-Indonesia representative, however, told us that work on the aforementioned road in Kampar appears to have stopped recently.

The Background

13. (SBU) WWF and APP (and its Indonesian fiber suppliers, the Sinar Mas Group forestry companies (SMG)) had a falling out in 2003. The agreement to work together to protect forests in Riau and Jambi provinces fell apart after six months due primarily to disagreement over methodologies and statistical projections, says WWF-Indonesia. WWF felt APP was not collaborating with them in good faith, and they have not cooperated since. In addition to WWF, other green groups also view APP as among the worse forestry companies in terms of environmental practices. This has created concerns about the "reputational" risk of associating with APP in any way.

The Impact: A Partnership Deferred...

14. (SBU) Wildlife Conservation Society-Indonesia (WCS-Indonesia) was

prepared to begin work with APP on tiger conservation in this part of Sumatra last year. It had negotiated an agreement to train APP staff to assess the numbers and conditions of tigers across all of its holdings and then work to advise them on best management practice. The agreement fell through when WWF-US advised WCS headquarters against the collaborative arrangement. This, according to one WCS staff member, was unfortunate "for both WCS and the tigers". APP and its subsidiaries, says one of its employees, are in one way or another responsible for around 1.2 million hectares of forest in Sumatra.

...But Hoped For

15. (SBU) WCS-Indonesia is still in regular contact with APP staff; it believes APP wants to collaborate constructively with NGOs on conservation (whatever its motives for doing so), the more so after all its bad publicity and its bad reputation among environmental NGOs. Staples' recent decision to end its commercial relationship with APP especially stung the company, coming on top of longstanding accusations about its environmental practices. Staples had previously sourced over 9 percent of its total paper supply from AP. WWF's lobbying, including publicity about the logging road, was apparently highly influential if not decisive in Staples' decision. (Note: APP officials could not meet with us at this time, due to work and travel schedules, but we plan to meet them at the end of April to discuss the issue in more detail. End Note.)

Looking Ahead

16. (SBU) The same WCS-Indonesia staff member told us that WCS-Indonesia still wants to work with APP in the future; in fact,

JAKARTA 00000732 002 OF 002

it still informally advises them as part of a forum including Riau local governments and the Forestry Department in Riau. However, NGO statements about how the "tigers of Kampar don't stand a chance" because of APP's activities, create a charged atmosphere that impedes NGOs like WCS from fully exploring potential NGO-industry partnership at the field level. In one example of a past successful partnership, WWF helped Riau Andalan Pulp and Paper (RAPP), a competitor of APP in Riau Province, obtain Forest Stewardship Council (FSC) certification.

17. (SBU) APP has a combined pulp, paper and packaging capacity in Indonesia of more than 7 million tons, according to its Web site. Involving corporate giants like APP, some conservationists believe, can only help in tackling Indonesia's environmental challenges. Given the low base they would be starting from, there is little downside to collaboration. WCS-Indonesia thinks there are potentially 200-300 tigers within this area. According to one WCS expert, professionally-managed concession areas, with more security and financial resources than many national parks in Sumatra, offer great possibilities for tiger conservation. He added that, if companies manage production forestry landscapes to maximize the deer and wild pig population they can be good tiger habitats, especially because tigers "don't actually like primary forest very much."

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